

## XVI Introduction To Cash

This chapter consists of an introduction to cash and six sub-chapters that discuss various accounting procedures for cash. The majority of the procedures included in this chapter relates to General Cash (GL 1110). Topics included in the sub-chapters include the posting of cash receipts, remittance of cash receipts, Payroll Accounts Receivable, Federal Trust Fund receipts, Advance Collections, dishonored checks, and some other miscellaneous procedures.

### TYPES OF CASH

Cash is either held by the agency at the local bank, is electronically remitted to the State Treasurer's Office (STO) and held in the agency's fund, or is occasionally held outside the State Treasury system (with permission).

The remainder of this chapter describes the various types of cash.

### Cash Held by the Agency

#### Agency Trust Fund Cash

General Ledger (GL) 1120, Agency Trust Fund Cash, is used in fiduciary funds. Agency Trust Fund Cash is never remitted to a fund in the State Treasury but is held in the agency's bank account. This cash may be recorded in CALSTARS as 0990, Fiduciary Funds Outside Centralized Treasury System. As an example, correctional institutions use Fund 0990 for their inmate trust accounts.

#### Office Revolving Fund Cash

GL 1130, Revolving Fund Cash, is used to account for cash in the agency's Office Revolving Fund (ORF). The agency establishes this fund by filing a claim schedule against their primary support appropriation. Revolving Fund cash is periodically replenished in one of the following ways:

- ✧ Deposit of State Controllers Office (SCO) warrants issued as a result of claim schedules submitted to reimburse the Revolving Fund;
- ✧ Electronic transfer of funds by SCO into an agency's bank account as a result of claim schedules submitted to replenish the Revolving Fund; and
- ✧ Return of excess salary, expense and travel advances paid to employees.

ORF cash is never remitted to the SCO. They remain a part of the agency's cash. In CALSTARS, the Office Revolving Fund is maintained using Fund 0998. Refer to Chapter XIII, ORF Accounting, in this Volume for more information.

**General Cash**

GL 1110, General Cash, is used to account for all cash receipts deposited in the agency's general checking account, except for Agency Trust Cash and ORF Cash. General Cash is temporarily on deposit in the agency's bank account pending remittance to the STO or refund. Most agencies have one checking account in an approved commercial bank.

Chapter XVI-A provides detailed information about General Cash, posting General Cash in CALSTARS and how to reconcile General Cash. Chapter XVI-B discusses the remittance of General Cash.

For information about the monthly bank reconciliation, refer to Volume 1, Chapter XV, Bank Reconciliation. For information about endorsing checks, depositing checks, etc., refer to SAM Sections 8030 through 8034.4.

**Cash Held by the STO****Cash in State Treasury**

General Ledger Account 1140-Cash in State Treasury is used to account for the cash balance in the State Treasury. If a fund is a non-shared fund, the GL 1140 balance should be reconciled monthly to the SCO's GL 1140 balance. The SCO Fund Reconciliation Report reports the activity and balances for GL 1140. Various CALSTARS general ledger reports display the GL 1140 balance, e.g., G01. The HG1 report can be used to research GL 1140 activity by month.

CALSTARS carries GL 1140 throughout the year for all funds. For year-end reporting, the balance of GL 1140 in shared funds, such as General Fund, is closed to GL 5570-Fund Balance--Clearing Account. Cash in State Treasury for non-shared funds is maintained in GL 1140 for year-end reporting.

**Cash Held in Accounts Outside the State Treasury**

State agencies hold most cash, including Agency Trust Fund Cash, within the Centralized State Treasury System. However, accounts outside this system may be authorized. See SAM 8002 and 19462-19463 for specific procedures. Each account outside the Centralized State Treasury system must be reported annually on Year-end Financial Report No. 14.